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# The Enlarged Expanse of Private Higher Education

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*Zusammenfassung:* Im Rahmen der globalen Expansion von Hochschulen verdient das dramatische Wachstum des privaten Bereiches besondere Aufmerksamkeit. Inzwischen studiert weltweit bereits jeder dritte Student an einer privaten Hochschule. Zudem gibt es heute kaum ein Land, dass nicht über private Hochschulen verfügt, auch wenn sich hinsichtlich des Ge-

wichts des privaten Bereiches beträchtliche regionale Unterschiede beobachten lassen: Es ist in den Ländern Ostasiens und Lateinamerikas bislang am größten. Selbst in Westeuropa, das sich diesbezüglich lange in Zurückhaltung übte, nimmt es stetig zu.

Es lassen sich verschiedene Typen privater Hochschulen unterscheiden: Elite- und Semieliteeinrichtungen, Hochschulen, die eine spezifische Identität repräsentieren, Hochschulen, die keinen Elitecharakter haben und profitorientierte Einrichtungen. Den einzelnen Privathochschultypen lassen sich Etappen der historischen Entwicklung des privaten Hochschulsektors zuordnen. Zur Zeit weisen alle Privathochschultypen ein mehr oder weniger kontinuierliches Wachstum auf. Dabei haben die non-elite- und for-profit-Sektoren die höchsten Wachstumsraten. Ihnen folgen die semi-elite-Einrichtungen. Dagegen lassen sich für die anderen Arten von Privathochschulen hinsichtlich der Wachstumsraten keine gesicherten Aussagen treffen. Bezüglich der regionalen Verteilung zeigen die Entwicklungsländer bei allen Formen von Privathochschulen das stärkste Wachstum, aber auch die entwickelten Staaten weisen Wachstumstrends auf. Auch künftig ist ein kontinuierliches Wachstum der privaten Hochschulen zu erwarten.

Die Unterschiede zwischen privaten und öffentlichen Hochschulen, beispielsweise in den USA, verringern sich. Dabei findet eine Annäherung der öffentlichen an die privaten Hochschulen statt. Es gibt aber auch Entwicklungen, die diesem Trend entgegenwirken. So vertiefen sich mit der

jüngsten Welle der Gründung von for-profit-Hochschulen die Unterschiede zwischen privatem und öffentlichem Sektor.

Auch wenn sich einzelne Typen von privaten Hochschulen in einem unterschiedlichen Maße von den öffentlichen Hochschulen unterscheiden, so bleiben generelle Differenzen zwischen beiden Sektoren in Finanzierung, Management und dem Verhältnis zu Staat und Markt erhalten.

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## A Vital Subject

Private higher education (PHE) has rightly captured huge global attention. This is largely in appreciation of the huge growth of PHE in recent decades. It is noteworthy that *Die Hochschule* would devote a special issue to PHE given that Western Europe has been an exceptionally lagging region in PHE. But, apart from *Die Hochschule's* interest in the overall world of higher education, the fact is that even Germany and much of Western Europe has joined a PHE growth trend that continues strong in Asia and Latin America and since the 1990s has manifested itself in Africa and in the 2000s the Middle East.

The subject matter of this paper is twofold: (1) global PHE expansion and (2) the different types of PHE. Another side of higher education privatization is not our central subject matter; that is partial privatization of public higher education, to date in Western Europe a larger phenomenon than PHE growth, but in much of the world it is PHE growth that is the larger phenomenon.<sup>1</sup>

Any global overview of a large and diverse reality must of course generalize. Reality differs within and across regions and countries, and across time. PHE is a wide-ranging and multifaceted phenomenon. Too often authors speak overly broadly on the basis of one national case or institutional experience. But even the best scholarly global overview effort inevitably produces many generalizations about PHE that partly are simplifications, ideally presented with due qualifications. Yet, all that said, illuminating and appropriate generalizations about PHE are feasible. Some of these generalizations may be converted into hypotheses for particular national

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<sup>1</sup> Moreover, the two privatization paths overlap and affect one another. In this special issue, the Brunner piece is an example, and the Kweik and Pachuaashvili demonstrate how each privatization affects the other. The dual phenomena of private sector growth and partial privatization of the public sector is of course not restricted to higher education (Roth 1987).

or other settings. With associated concepts and categories, they help carry us beyond the still too common mode of pieces that are essentially descriptive accounts of 'PHE in country x,' with little appreciation and use of international experience and improving academic literature on PHE.

The best generalizations can come only from scholarship and it is in that spirit that we study the expansion and types of PHE. Additionally, scholarship is essential to informed debate about the many crucial controversies surrounding public policy for PHE (Levy/Zumeta forthcoming) but policy would take us beyond the scope of this paper.

## **Growth and Extent**

### *From a Limited to a Large Presence*

For most of modern history, higher education has been mostly a public sector affair. The generalization holds strongly for the nineteenth century and then much of the twentieth. In fact, the dominant trend was "publicization," with large expansion of public institutions, public enrollment, public finance, and national government systems. Europe basically fit this tendency. Obviously, the advent of Communism brought public dominance to new heights, with virtually no PHE.

It is fair to remember that public sector dominance has not always been the historical reality. Private precursors have included missionary education, "correspondence" education, vocational education, and the like. Moreover, much higher education was historically neither public nor private in the common senses we use those terms today; often they were what we may call "fused" private-public configurations (Levy 1986). But usually, except for the US, when private and public developed separate identities it was almost always the public side that came to dominate, as nation-states grew. The Continental Model characterizing Europe (Clark 1983) and then largely exported to colonial possessions was overwhelmingly national-public in funding, system rules, and lack of PHE.

The great transformation from small to large private enrollment is mostly a phenomenon of the developing and transitional world. The only clear-cut case of a developed country with majority private enrollment has been Japan.<sup>2</sup> Yet so strong is the PHE proportional growth in so many

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<sup>2</sup> South Korea (Republic of Korea) and Taiwan (Republic of China) could now be added (to Japan) as developed, but that still leaves only a tiny list of such countries with majority PHE. Indeed probably no other developed country has even 25 percent of its enrollment in PHE.

countries – even while public growth often remains strong in absolute numbers – that perhaps 30 percent of global higher education enrollment is now private (Guruz 2004-2005). Moreover, as we explore the regional picture now, we see that no region stands completely apart from PHE growth. Whereas a quarter century ago, many countries had no PHE, today only very few countries remain at zero (Cuba, Bhutan, North Korea). Algeria may be the most recent country to come on board. No large country is without PHE. In contrast, as we will see many countries have an absolute majority of their higher education enrollments in their private sectors.

### *Different Regions*

Whereas one could survey the variation in PHE growth on a national basis, perhaps moving from those with the highest to the lowest PHE shares or vice-versa, there is utility in moving on a regional basis. For one thing, the regional approach allows us to be much more expeditious and economical in use of our limited space. For another, it helps us point to patterns. Further, even for regions we can identify a basic high to low spread.<sup>3</sup> And of course we can cite individual countries within their region, using our institutional database <http://www.albany.edu/dept/eaps/prophe/data/inter-national.html>.

So we start with Asia and Latin America. Asia is by far the world's largest population region, and at least in East Asia we find the largest concentration of countries with the proportionally largest private sectors. Indeed, quite a few countries are greater than 70 percent private: Indonesia, Japan, the Philippines, South Korea, and Taiwan. Other parts of Asia tend to show lower but still significant PHE shares. Malaysia and India (Gupta/Levy/Powar 2008) range above 30 percent but with PHE minority shares. In much of Southeast Asia the share is commonly still below 15 percent (Cambodia China, Thailand, and Vietnam) but the total cohort higher education enrollment rates are still much lower than in most of East Asia and there is plenty of room for overall growth – much of which will be private. Quite unlike Japan, the other developed countries are more like Western Europe than Asia in their small PHE shares: Australia is only about 3 percent private and is not on the verge of huge PHE growth, though some; New Zealand is 9 percent, with no private universities allowed. More toward Western Asia the data are spottier but Kazakhstan and Iran are rough-

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<sup>3</sup> National figures mostly from <http://www.albany.edu/dept/eaps/prophe/>

ly half and half between private and public; Kazakhstan is thus the post-Communist country with the highest PHE share.

The region that stands with Asia well atop the PHE mountain is Latin America. This is true both in absolute PHE enrollment and in PHE shares of total system enrollment. Latin America has a longer widespread history than Asia of dual-sector development. By the late 1970s Latin America was already approaching 35 percent private (Levy 1986) and today it is more like 45 percent. As in Asia there is of course variation by country. But there are now few cases with PHE shares under 20 percent and there are majority PHE enrollments or close to it in Brazil, Chile, Colombia, the Dominican Republic, El Salvador, Guatemala, and Peru.

Compared to Asia, Latin America may have had more stable PHE shares, but the most striking case of stable shares is the US, basically over a fifth and under a quarter for decades (compared to roughly 50 percent enrollment back in the mid-twentieth century). Certainly, the US has the historically longest-standing PHE sector that has maintained many of its basic contours over time. For many readers, the introduction of the US as only the third ranking “region” in PHE shares is probably a surprise. In fact, the U.S. PHE enrollment share is markedly below the global share when the U.S. component of the global is removed. Enrollment shares are not everything, of course, and no serious analyst could doubt that U.S. PHE is the most important in the world. Even if first degree enrollments linger below a quarter of the PHE total, that total is the highest or about tied with India for the highest in the world. Moreover, the U.S. PHE enrollment share goes higher if we focus on four-year programs and on graduate programs. In terms of faculty and research – and money – the U.S. PHE sector is unrivaled in size (as is the total U.S. higher education system overall).

The next region in PHE share of total size would be Central and Eastern Europe (Slantcheva/Levy 2007). No country there has gone over 30 percent private, but Estonia, Georgia, Poland, Latvia, and especially Poland, have been at least over 20 percent (Pachuashvili 2007). The spurt from zero to substantial in the five-year period following the fall of Communism may be the most dramatically concentrated spurt seen in any region. However, some countries have never become more than a few percent private. At least as importantly, stagnation in shares has characterized the last ten years. In fact, several countries, Georgia most dramatically, have seen significant declines in PHE shares. Whereas the early 1990s were years of easy PHE growth as overall higher education cohort enrollments had been

very low under Communism, and then the fall of Communism unleashed demand for expansion, demand greater than existing public institutions could meet.

But the region now faces a sharp demographic challenge and as cohort rates fall, many PHE institutions could shrink or die off, as the first choice of most students is public (for quality, status, and lower costs). Although Western Europe also confronts cohort challenges, usually its PHE sectors are still quite small except for Portugal (where private decline can be dramatic, as Teixeira and Amaral show in this special issue), so probably the major parallel to Eastern and Central Europe on the private side is Japan, where a crisis is looming for many PHE institutions. So here we have a counter-trend to PHE growth, but the counter-trend (decline) is pretty much limited to parts of the developed world and does not include the US.<sup>4</sup>

Although Africa belongs next in terms of PHE shares, let us remain in Europe first, turning now to Western Europe. Western Europe remains a stark exception to the generalization of large PHE sectors. Again, privatization in higher education has mostly been about changes in the finance and management of public institutions. Thus, for example, “entrepreneurial universities” are basically public universities undertaking major reform (Clark 1998). Many of the PHE sectors long have been largely peripheral (Geiger 1986). The longest standing major exceptions to public numerical dominance have been the Netherlands (majority private) and Belgium (minority private) but the exceptions in these two countries can be deceiving as private-public distinctiveness has been markedly limited, both sectors operating mostly with government funds and similar sets of rules. Another exception, the closest parallel to a Central and Eastern European mode, is Portugal, with Western Europe’s highest private sector share (26 percent) in a largely distinctive private sector. As the region’s system with the highest PHE share it may be the one most threatened by slipping demographics. Spain, however, has been an outstanding case in the sense of a presence of academically prominent PHE institutions (De Miguel/Vaquera/Sánchez 2005). The U.K., after having created merely one private university (Buckingham in 1981) and then failing to follow up, now has several initiatives to build PHE, with an eye on the U.S. PHE colossus.

In the U.K. and in Italy and Germany we see a dramatic advent or calls for large-scale philanthropic pledges by wealthy businessmen. In

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<sup>4</sup> The US escapes largely for two reasons. One is sharp growth in minority demographics and access to higher education. The other is immigration.

2006 an Italian tycoon in Milan committed himself to opening Bocconi University, in pointed contrast to the country's public universities, as with high selectivity, institutional identity, reliance on tuition and fund-raising, and concentration on a cluster of fields (Rocca 2006). An Austrian tycoon has pledged 500 million dollars to the International University of Bremen, in Germany. But Germany reflects a regional (and global) tendency that PHE institutional proliferation comes mostly outside universities and that a common but upper-end manifestation is the MBA (Masters of Business Administration), tied to marketization and globalization (Franck/Opitz 2006). Whereas still only fewer than 4 percent of Germany's enrollments are private, the establishment of "foundation" institutions with their own income and U.S.-style boards of ownership is a development worth watching (Neave 2008).<sup>5</sup>

Despite private precursors, Sub-Saharan Africa has been late to modern PHE but the growth is notable (Mabizela/Levy/Otieno. 2008). Breakthroughs began in the 1980s but it was in the 1990s that there was major and widespread growth – which continues unabated. Most countries have PHE, but Francophone Africa greatly trails Anglophone Africa in this respect. Compared to all other regions with a major PHE presence, the weakest database is here. One of the reasons is that, like Latin America and Central and Eastern Europe and only parts of Asia, PHE emergence and growth was largely an unplanned and unanticipated phenomenon (Levy 2006b). Kenya, Nigeria, Uganda and others are among the countries with important private sectors, yet most countries' private enrollment share remains comparatively small. Kenya, having ascended to one-fifth private, is a rare African example of slippage, here not due to demographics so much as public universities' taking in "private" paying students (Otieno/Levy 2007). Yet probably no African country has PHE that reaches a fourth of total higher education enrollment (Mabizela 2008).

Finally, just beginning to register PHE enrollment in many countries is the Middle East (and North Africa). If any further proof were needed that

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<sup>5</sup> Neave (2008) further notes a major goal of attracting donations but a heavy limitation against privateness in that the State continues to control public salary scales and play a "guardian" role protecting academics. Since 1994 some German institutions have had the option of converting from State to "non-State" status; more generally in Europe, Neave identifies a non-State sector, which falls short of the truly private sector seen in Portugal and Iceland, but nonetheless breaks the tradition of State-dominated systems and introduces more concern with markets and competition. The Swedish Chalmers University, for example, has a changed legal status and operates largely on private money. So we arguably have a tri-sector composition in Western Europe of State, non-State, and private or independent.



PHE can surge even where it was previously non-existent or marginal it is here. “American Universities” have dotted the horizon in Egypt, Jordan, Lebanon, and now apparently Kurdistan. In general, however, Israel was regionally early to PHE and that was not until the 1990s. The Arab Middle East stands out as the region in which PHE emergence is mostly planned and promoted by government, often with agreements with European and U.S. universities. Also notable is that the emergence is so widespread, regardless of regime type, whether harshly authoritarian or semi-democratic, whether pro- or anti-Western: Bahrain, Egypt, Jordan, Iraq, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, and Yemen are among the PHE breakthrough countries. Turkey had much earlier PHE but closed down in the 1970s before re-emerging anew only recently.

## PHE Types

Far too often PHE is spoken of as if it is one thing. It is rarely that. Speaking in such sloppy terms is like speaking of “higher education” without reference to differences between the public and private sector. Indeed there is often great heterogeneity within the private sector.

For decades the dominant extant typology of PHE was elite, religious, and demand-absorbing, or, related, PHE for provision of something superior, different, or more mass-based (Levy 1986; Geiger 1986; Marginson 1997). Though these categories remain remarkably pertinent after decades and astonishing growth in PHE, we are in the process of reconfiguration. Moving largely from the highest to the lowest status types, we simultaneously move largely from the smallest to biggest enrollment types. Our categories are Elite and Semi-Elite, Identity, Non-Elite, and For-Profit. We will note some category overlap, but for the most part PHE institutions fit pretty clearly (even where not fully) into one category. Moreover, the types are together inclusive of PHE institutions.<sup>6</sup> And it is common for

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<sup>6</sup> One could consider a separate category of private-public partnership, by which we would mean not PHE partnering with government, or public higher education partnering with business, but more precisely PHE institutions and public higher education institutions partnering with one another, whether as a result of choice or force. Salient examples have arisen in China, India, South Africa, and other countries, even if we leave aside partnerships between domestic and overseas institutions. Often the tie is between private colleges and public universities. For the purposes of this article, however, the pertinent type would be the private college, not the partnership.

given PHE sectors to have most of these major types, reinforcing the reality of the heterogeneity of the sector.

### *Elite and Semi-Elite*

At least in the US, the popular association between private and elite is powerful and the unmatched attention the US gets from the rest of the world probably expands the notion of a private-elite nexus. In fact, however, the great majority of U.S. PHE institutions are not elite. More important for our global analysis, the U.S. case is unique: The U.S. higher education system is the only one in the world in which PHE dominates at the top. Very few other systems have any private elite universities. For the two prominent global rankings of universities (the London Times Higher Education Supplement World University Rankings and the Shanghai Jiao Tong Academic Ranking of World Universities), 63 universities make the top hundred in both rankings and 21 of those are private – but each of those 21 privates is a U.S. institution.<sup>7</sup> By the standards of world-ranked elite or “world class” universities (Altbach/Balán 2007) the private sector outside the US hardly registers.

Much more of a private presence is found among what we might call “semi-elite” institutions. These may indeed be among the leading higher education institutions in their country, whereas so many countries do not have any institution registering in the top 200 globally. National rankings – spreading rapidly – allow PHE some standing. To be sure, even nationally (again with the US as the massive exception) PHE usually lags public markedly in the lists of top-ranked institutions. But below the very top, semi-elite private universities may compete with a set of good but not towering public universities. Globally almost invisible, they may be quite visible and important nationally.

What are semi-elite institutions? By definition they stand between elite and non-elite and thus have more than average selectivity and status. So we can identify semi-elite by default and on the upper end could say simply that the institutions are good but not good enough to be considered elite, at least on a global scale. Yet we can go further and discern numerous

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<sup>7</sup> Levy forthcoming. 90 institutions make the London top 200 and the Shanghai top 500, of which 44 are non-US and none of the 44 is private. The handful of private non-U.S. institutions that appear as we look beneath the top are mostly European universities with ambiguous private-public status and a couple of Japanese private universities. A related factor in the inability of PHE to crack global rankings is that outside Japan and the US systems in the developed world have been overwhelmingly public.

characteristics that appear common. One is a priority on good practical teaching or training and not the basic research associated with globally ranked leaders. However, applied research can be a feature. The social-class of students may be quite high, often including accomplished graduates of the secondary system, and also including those capable of paying ample private tuitions. In many cases, the semi-elite institutions are niche institutions concentrated in a given field of study or on a cluster of related fields. Business is most prominent. The MBA is the quintessential degree.<sup>8</sup> Usually, semi-elite institutions are explicitly and often quite successfully job-oriented.

Semi-elite institutions are also usually conservative in an economic and/or political sense, pointedly Western-oriented, even U.S.-oriented. They favor markets and scoff at dependency on the State. Many are quite entrepreneurial and some have serious academic aspirations, hoping to build on success in lucrative fields to establish additional, academically enhancing fields. They are very private: their income is almost strictly non-public, led by tuition, they pride themselves on tight businesslike management, and they aim to serve those pursuing their rational self-interest. They seek foreign ties and recognition and often try to teach courses in English.

It appears that every region of the world – developed and developing – is seeing a semi-elite surge.<sup>9</sup> Given the lack of academically elite PHE (outside the US), this surge is particularly noteworthy.

### *Identity*

Semi-elite institutions tend to be quite secular. In much of the world, in contrast, most of what we will call identity institutions have been religiously based. In fact, as with many non-profit sectors, in education and beyond, the first wave of institutions is often religious. Moreover, religious institutions are at least formally non-profit whereas semi-elite institutions sometimes have profit motives (certainly commercial motives) and dynamics.<sup>10</sup>

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<sup>8</sup> In the Polish case, for example, the 1990s saw an explosion from zero to some 300,000 in business school enrollments (Kraft/Vodopoviec 2003), which of course is not to say that most are in semi-elite institutions.

<sup>9</sup> The three first national case studies of semi-elite are Demurat, Praphamontipong, and Silas (2008).

<sup>10</sup> This does not rule out that some universities can be simultaneously religious (or other identity-based) and semi-elite, as with the Catholic University of Chile.

For Latin America, Europe, and later Africa, early private universities were usually Catholic. Where Catholics formed the majority of the national population, the Catholic creation often thus resulted from once mixed State-private institutions pushing religion out, in great secularizing movements in the nineteenth century or the next century. In the US, the early colleges (Harvard, Yale, Columbia, Dartmouth, Princeton), which had also been something of religious-government mixes, became bona fide private. Each was affiliated with its own Protestant denomination (Whitehead 1973). U.S. society was more about religious pluralism – for each his own – than religious mixing. Only later did other types of PHE emerge, along with public higher education.

A striking continuity is that religion remains a major type of PHE. Yet two changes have recently modified the picture. One is the increasing mix of religions. In Latin American society most markedly, but in other regions as well, Catholic predominance yields to an evangelical Protestant emergence. However, this Latin American societal change has not had a profound higher education impact thus far. A religious higher education impact is more visible in Africa and Asia and involves both evangelical and Islamic orientations. Where Muslims are a minority, PHE is an option; where they are a majority, religion may find expression in the public sector, as in Egypt. Africa may be where a plural, diverse religious proliferation (Catholic, evangelical, and Islamic) is most evident, as in Kenya and Nigeria.

The other change has been the shrinking share of the religious within the cultural identity category. Partly this reflects a decline in religious identity in much of the non-Muslim world. Partly it reflects a resurgence of powerful non-religious identities, most prominently ethnic ones. Obviously, religious and ethnic identities can overlap. Obviously too the ethnic thrust can be strong in countries with heterogeneous populations. Eastern Europe has furnished examples of such PHE in the post-Communist period.

On both the religious and the ethnic side, PHE can be simultaneously protective and promotional in intent and practice. It has played those roles even in societies of relative religious tolerance and pluralism, as in the Protestant majority US. In less tolerant or at least more divided societies the minority cultural niche is often especially defining. South Asia and

some of the European and Asian post-communist world provide examples.<sup>11</sup>

Overlapping a group or religious orientation is a set of values at odds with perceptions of what dominates (to the contrary) in the public mainstream. Where these values stress authority, safety, and the like, parents have special PHE interest for their daughters. This may link up with concentration of study in traditionally female fields such as nursing.

And this last thought carries us toward an important additional sub-type of identity PHE: the women's college. A longstanding phenomenon in the US, it is also quite prominent in Asia and elsewhere (Purcell/Helms/Rumbley 2005). Again the motivation for the identity institution is both protection and promotion. The same can be said of the U.S.'s historically black colleges and universities, but in both the black and women's cases it is crucial to remember that initially the main motivation was to provide a higher education place for those excluded from existing institutions, both public and private.<sup>12</sup>

### *Non-Elite and Demand-Absorbing*

However, easily the largest growth area in PHE is non-elite. In fact, it is mostly "demand-absorbing." That is, the student demand for access to higher education grows sharply, exceeding the extant supply of slots available at public (and private) institutions, even if that supply is also expanding at existing or also new institutions. In this setting, most students are not choosing their institutions over other institutions as much as choosing them over nothing. Further contributing to private non-elite proliferation has been a lax regulatory environment at least for some initial period of proliferation (Levy 2006b), though this factor has been weaker in East Asia and the Middle East than in Africa and Latin America. In every country in which PHE becomes the majority sector (and in many where it becomes a large minority sector), it is this demand-absorbing subsector that has been

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<sup>11</sup> As Pachuashvili shows in this issue, majorities can sometimes imprint their cultural orientation on the public universities, as in Georgia and Romania.

<sup>12</sup> On the other hand, the contemporary world shows the following gender-based generalization: within most individual countries the women's share is higher in PHE than in public higher education (<http://www.albany.edu/dept/eaps/prophe/data/national.html>). Even here the protection motivation is visible, as PHE institutions often are more tranquil, with less political conflict, than public counterparts. Indeed, PHE often sells itself this way, notably in the religious subsector.

numerically dominant, usually increasingly so. So it tends to be both the largest private subsector and the fastest growing one.<sup>13</sup>

This is the private subsector most concentrated in institutions not labeled university (<http://www.albany.edu/dept/eaps/prophe/data/national.html>). Furthermore, many institutions labeled universities are not really that. Many private institutions are technical or vocational institutions, ambiguously on the definitional borderline marking higher education as well as on a for-profit, non-profit border (Atchoarena/Esquieu 2002). The prevalence of non-universities helps account for the almost always higher PHE share of institutions than enrollments in given systems. But even on the university side, private tends to be smaller than public.

The non-elite subsector is easily and commonly denounced in rabid terms. Much of the denunciation is well earned, though much could be (to less political applause) similarly targeted at low-level public institutions. For scholarship and informed policymaking, however, it is crucial to recognize two sub-categories of non-elite private institutions. One non-elite type, probably the larger one, is indeed highly problematic in academic quality, seriousness, effort, and transparency. Some family-owned institutions fit here. Yet the other non-elite type is serious and usually responsibly job-oriented. It has upside for not only growth but improvement. It is often well managed and may even show certain traits akin to some of the semi-elite institutions. It also serves the evolving and globalizing job market (Cao 2007). We need more empirical study of such institutions. Both non-elite types bring comparatively unprivileged groups into the development process – a major “access” role within often highly stratified societies. The difference is that the better institutions perform this access function as a net plus whereas in the weaker institutions the function must be assessed alongside very problematic characteristics.

### *For-Profit*

Most of the world’s for-profit institutions could be subsumed into the non-elite category. No for-profits are academically elite institutions though some may have semi-elite characteristics or at least operate on the serious

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<sup>13</sup> However, nothing in the term “demand-absorbing” should imply that this sub-sector needs to be the largest or even constitute a “mass” sub-sector. In Africa, where no national system has anything close to a mass PHE sector, it is common that PHE is divided into comparatively substantial religious, for-profit, and demand-absorbing sub-sectors. These sub-sectors can overlap as with Mozambique’s religious and South Africa’s for-profits both being demand-absorbing (Mabizela 2008).

end of the non-elite categories. Yet many of the for-profits fall clearly into the exploitative end of the non-elite type. This is probably most marked where we find institutions that are legally nonprofit yet functionally for-profit – and this description accounts for the great bulk of for-profit places. Sometimes law is not all that clear about which institutions are non-profit or for-profit. Sometimes experts within a given country such as Mexico do not agree on whether for-profits are allowed.

If we were to limit ourselves to legally for-profit institutions, the for-profit sub-sector would be the smallest PHE sub-sector other than the elite sub-sector. Without doubt, however, there is marked growth even in the legally defined for-profit realm. This appears to be the case in all developing regions. Differently striking is that the for-profits represent the fastest growing type within U.S. higher education. Depending upon figures used, for-profits account for 8 to 10 percent of total enrollment, thus at least a third of total private enrollment. Here, however, the share is concentrated in programs of just 1-2 years, rather like in public community colleges.

Moreover, there is a sharp and multifaceted international dimension to the for-profit growth (Kinser/Levy 2006). Laureate Education leads the way in Latin America and elsewhere, often buying dominant shares of existing (non-profit) universities, such as the Andrés Bello in Chile. The Apollo Group, owner of the largest U.S. university (Phoenix), also operates abroad, as does Whitney International. Kaplan and Corinthian Colleges find their niches, mostly at home. Additionally, we see increasing examples of revenue-hungry universities in the US, UK, Australia and elsewhere establishing cross-border partnerships where the local partner may be private but even the public university from back home operates as de facto private abroad (Lane forthcoming). Yet most for-profit higher education comes through domestic providers, as in South Africa. Some for-profits are publicly listed on the stock exchange, others are not.<sup>14</sup>

A good case can be made that the for-profit sector epitomizes the substantial privateness of the private sector. It is tuition based and rarely gets any public support (the notable exception would be the US, where students at accredited for-profits are eligible for government student loans). The sector is run mostly on a business model, with power and authority

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<sup>14</sup> Laureate went private, taking itself off the public stock exchange, declaring it did not want to be too accountable to share-holders preoccupied with short-term gains.

concentrated in boards and chief executives, faculty power is limited, and students are active as self-interested clients.<sup>15</sup>

## Conclusion

Notwithstanding the salient differences among types of PHE, some major characteristics are rather general to the sector. One concerns recent and continued growth. Where the trends are clear they are growth-oriented. Non-elite and functionally for-profit are probably the fastest growing, joined then perhaps by semi-elite. More ambiguity surrounds some other private types. Most of the growth in all types remains in the developing world but is seen also in the developed world. Meanwhile, in addition to growth in extant types, new variation, even new types arise. PHE is fluid. It is not today the same as it was 20 or 40 years ago and it is unlikely to remain as it is into the medium term future. But many basic types and patterns will keep showing continuity. And further growth in absolute numbers and even share of total higher education enrolments seems a near certainty.

Additionally, private-public differences remain notable (Levy 2006a). They change over time, and a case like the US shows considerable inter-sectoral blurring, especially as public institutions partly privatize. But fresh sorts of privateness emerge to reinfuse private-public differences; the surge of for-profits is the latest eye-catching example. Of course, the nature of the private-public contrasts depending upon the type of PHE in question (also the type of public higher education in question) but even aggregating all PHE on the one hand and all public on the other we see salient differences in finance, management, relationship to the state and to the market, curriculum and so forth.

The significant differences between private and public, as well as the significant differences among private types join with the potent expansion of the private sector to compel us to seek expanding knowledge of the sector worldwide.

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<sup>15</sup> In much of the world, private-public debate and antagonism remains sharp. This is much less so in the US but the U.S. clash is often sharp when it comes to the for-profit sector. U.S. governments and accrediting agencies differ greatly in how accommodative or hostile they are.



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